



Department of Energy
Western Area Power Administration
Sierra Nevada Customer Service Region
114 Parkshore Drive
Folsom, California 95630-4710

AUG 24 2009

To All Central Valley Project (CVP) Preference Customers:

On August 19, 2009, the Western Area Power Administration (Western) received written notification from the U.S. Bureau of Reclamation (Reclamation) of the Fiscal Year 2010 (FY10) Restoration Fund Payment obligation for the power contractors of \$15,884,399. FY10 initial projection takes into consideration Ability-to-Pay contracts and assumes no class 2 water deliveries. The projected restoration receipts are \$12,510,620 for irrigation and \$6,661,981 for Municipal and Industrial. FY10 water delivery projections are based on water deliveries for the 12 month period of July 2008, through June 2009.

Western will begin billing the power contractors on their September 2009, service month bills for the FY 2010 obligation. Power contractors can estimate their monthly obligation for FY10 bills by multiplying their Base Resource percentage by \$15,884,399 and then divide this result by 12. Please note that this estimate does not include any adjustment for hourly exchange program participation in FY10. Western will track hourly exchange energy program participation on a monthly basis and will adjust Base Resource percentages for those customers that participated in the hourly exchange program during FY10 on their July/August 2010, bills.

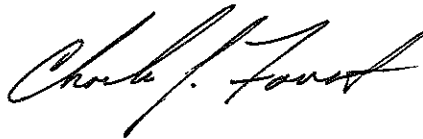
Please note that some customers may continue to see adjustments on their FY10 bills for credits from their hourly exchange participation in FY 2009. Western will credit these amounts, to the degree possible, each month based on the customer's FY10 monthly obligations. For those customers who accumulate credits larger than their monthly FY 2009 charge, the credits will be carried over to later bills in FY10 until the credits are exhausted.

During the March-April 2010, time frame, Reclamation will determine if a mid-year adjustment is needed. If a mid-year adjustment is warranted, it will be discussed with the power customers when it is implemented.

We thank you for your continued cooperation. Should you have any questions regarding Reclamation's procedures and methodology associated with calculating the power contractors Restoration Fund obligation, please feel free to contact the Reclamation point of contact as

indicated in the enclosure. If you have any questions regarding the collections associated with the Restoration Fund program please contact me at (916) 353-4468 or by e-mail at faust@wapa.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles J. Faust". The signature is fluid and cursive, with the first name "Charles" and last name "Faust" clearly distinguishable.

Charles J. Faust
Rates Manager

Enclosure

cc:

Ms. Gail Trujillo-Bixby
U.S. Bureau of Reclamation
2800 Cottage Way
Sacramento, CA 95825

Ms. Kathleen D. Burks
U.S. Bureau of Reclamation
2800 Cottage Way
Sacramento, CA 95825



United States Department of the Interior

BUREAU OF RECLAMATION
Mid-Pacific Regional Office
2800 Cottage Way
Sacramento, California 95825-1898

IN REPLY
REFER TO:

MP-3600
FIN-4.00

AUG 19 2009

Ms. Sonja A. Anderson
Power Marketing Manager
Sacramento Area Office
Western Area Power Administration
114 Parkshore Drive
Folsom, California 95630-4710

Subject: Allocation of the Fiscal Year 2010 (FY10) Total Restoration Payments, Central Valley Project Improvement Act, Central Valley Project (CVP)

Dear Ms. Anderson:

This letter notifies Western Area Power Administration (WAPA) of the FY10 total allocation for restoration payments pursuant to the Central Valley Project Improvement Act, Title XXXIV of Public Law 102-575. The FY 10 total allocation includes the CVP power contractors' assigned portion. Consistent with the Bureau of Reclamation's projections for the CVP and continuing the Maximum Restoration Payment Policy, the total FY10 restoration payment allocated to power is \$15,884,399.

The amount allocated to power is determined as follows:

Total Restoration Payments -- Fiscal Year 2010	\$35,057,000
Projected Restoration Payments -- Water	<u>\$19,172,601</u>
Total Restoration Payments -- Power	<u>\$15,884,399</u>

Projected restoration receipts are \$12,510,620 for Irrigation and \$6,661,981 for M&I. FY10 initial projection takes into consideration Ability-to-Pay contracts and assumes no Class 2 water deliveries. FY10 water delivery projections are based on water deliveries for the 12-month period of July 2008 through June 2009.

Power's allocation of \$15,884,399 must be transferred to Reclamation in FY10. In accordance with our letter dated April 21, 1995, a mid-year correction to power's allocation will be made on

Subject: Allocation of the Fiscal Year 2009 Total Restoration Payments, Central Valley
Project Improvement Act, Central Valley Project (CVP)

2

or about April 1, 2010. WAPA will be notified in October 2009 if there is any shortfall in FY2009 restoration payments.

Please contact Ms. Gail Trujillo-Bixby at 916-978-5263 or gtrujillobixby@usbr.gov should you require additional information regarding the above calculations.

Sincerely,

A handwritten signature in cursive script that reads "Lora Close".

Lora M. Close
Manager, Financial Management Division

Enclosure (Projected FY 2010 Restoration Payments)

Projected FY2010 Restoration Payments

	Acre-Feet	Charge 28% 8-9/09	Charge 72% 10/09-7/10	Projected Payments 100.00%
Restoration Payments (Water)				
Irrigation	1,375,398	\$9.06	\$9.11	\$12,510,620
M&I	366,059	\$18.12	\$18.23	\$6,661,981
Total Restoration Payments (Water)				<u>\$19,172,601</u>

Projected Deliveries	
Jan	3%
Feb	4%
Mar	5%
Apr	8%
May	10%
Jun	15%
Jul	19%
Aug	19%
Sep	9%
Oct	4%
Nov	2%
Dec	2%
Total	<u>100%</u>

FY2008 thru FY2010 Total Restoration Payments needed in 1992 dollars
less FY2008 Actual Payments (\$ 46,914,000 indexed /2)
less FY2009 Projected Payments (\$ 52,685,000 indexed /3)
less subtotal FY2008 & FY2009
Total FY2010 Projected Restoration Payments in 1992 dollars

	\$90,000,000 /1
	32,033,000 /1
	<u>34,887,000 /1</u>
	<u>66,920,000 /1</u>
	<u>\$23,080,000 /1</u>

Total FY2010 Projected Restoration Payments in FY2010 dollars

less Projected Payments from Irrigation and M&I

Balance needed from Power

	\$35,057,000 /4
	<u>19,172,601</u>
	<u>\$15,884,399</u>

/1 October 1992 price levels (rounded to thousands)
/2 FY2008 price levels (1.4646 CPIU index factor)
/3 FY2009 price levels (1.5102 CPIU index factor)
/4 FY2010 price levels (1.5189 CPIU index factor)

Project Water sold and delivered 8/08 thru 7/09 generates almost all of FY2009 restoration payments projected from water.
The above projection assumes restoration payments (receipts) are received and processed 2 months after deliveries are taken.